

Report for: Cabinet

Date of Meeting:	23rd September 2021
Subject:	Re-procurement of Fuel Card Services Contract
Key Decision:	Yes
Responsible Officer:	Dipti Patel – Corporate Director for Community
Portfolio Holder:	Cllr Varsha Parmar – Environment and Climate Change
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	None

Section 1 – Summary and Recommendations

This report seeks Cabinet approval to commence re-procurement of the Fuel Card Services Contract (including a web-based software to manage cards, track and monitor usage).

Recommendations:

Cabinet is requested to:

1. Grant approval to re-procure the contract for the provision of Fuel Card Services for a period of 5 years with the option to extend for a further 2 years
2. Delegate authority to the Corporate Director for Community, following consultation with the Director of Finance, Portfolio Holder for Environment and Climate Change and the Portfolio Holder for Finance and Resources, to finalise the procurement and award of the contract(s) and operationally by the Interim Divisional Director for Environmental Services

Reason: (for recommendations)

To provide an efficient and compliant route for the award of a Fuel Card Services Contract to support the operation of essential 'in house' frontline services

Section 2 – Report

Options considered

1. **Extend the current arrangement:** This option is not available.
2. **Procure a bulk fuel supply contract:** Currently there are no bulk fuel storage tanks located at the Harrow Central Depot or at other Council sites. Space at the Central Depot site is limited, and the cost of installation, management and maintenance would need to be paid for by the Authority. The price per litre paid to draw fuel using fuel cards is comparable to bulk fuel supply.
3. **Commence re-procurement of a contract for Fuel Card Services:** Utilisation of fuel cards is the current means of drawing fuel for the essential Council Services. Fuel cards offer operational flexibility to staff and managers through the ability to draw fuel quickly whilst out on route (including out of Borough routes). Fuel Card Services Providers offer an efficient means of managing, monitoring and tracking fuel use across the services through a secure web-based portal which underpins management of the contract and is essential to the Fleet Management Services team.

The preferred option is to progress with option 3, to commence re-procurement of a contract for Fuel Card Services offering the following benefits:

- Offers a local and optimised source of supply through a locally and nationally available supply network
- A proportion of forecourts are operated by local franchisees and their use stimulates the local economy and generates local employment opportunities. Staff are likely to pick up refreshments at these locations further increasing forecourt sales turnover
- A competitive tender exercise will deliver best available market prices
- A long-term contract to support front line services that runs in parallel to existing fleet life cycles and potential eventual replacement of fleet with electric and / or other decarbonised vehicles.
- Effective and efficient contract administration through fuel management software portal

1. BACKGROUND

- 1.1. The Community Directorate Fleet Management Services team functions as a centralised support resource for essential Front-Line Services Operational Teams and are responsible for the day-to-day operational management of the Fuel Card Services Contract. Primary end users include Waste and Recycling, Special Needs Transport, Street Cleansing, Grounds Maintenance along with other important Services delivered Council wide.
- 1.2. The Services currently draw a combined total of around 850,000 litres of fuel per year by means of Fuel Cards which are managed, monitored and tracked by the Fleet Management Services team through a secure web-based software portal.
- 1.3. The current contract will expire in 2022 and the proposed procurement exercise will deliver a contract in compliance with Public Procurement Regulations and an effective means of drawing fuel at best available market prices coupled with a local supply network across all applicable Council Services.

2. CURRENT SITUATION

- 2.1. The current contract expires in 2022 and there are no options to extend. A new procurement exercise is required to ensure continuity of fuel supply to support essential frontline services operations.

3. IMPLICATIONS OF THE RECOMMENDATION

- 3.1. There will be no resourcing implications as the procurement exercise and contract will be delivered through existing resource

4. WARD COUNCILLORS' COMMENTS

The project has the potential for all wards to be impacted, therefore this is not applicable.

5. ENVIRONMENTAL IMPLICATIONS

The impact of CO2 emissions generated by traffic has a significant impact on climate change, health, and the economy. The council is therefore committed to increasing levels of sustainable travel in the borough to reduce emissions. Harrow's vision is that low emission vehicles represent an increased proportion of all vehicles being used in the borough. In 2018 the council agreed to invest in a new vehicle fleet for 2019 that would further its commitment.

The commitment involves an increase in the number of electric vehicles in the council's fleet for use by pest control, housing, parking enforcement and libraries and introduction of electric charging facilities in Harrow's new depot , thus contributing to the noise reduction and clean air objectives of the council's Sustainable Transport Strategy.

The Harrow Council vehicle depot is being redeveloped. Vehicles using the depot are refuse and recycling vehicles, school buses and pool cars. The new depot facilities will ensure that there up to 40% more electric vehicle charging points for service vehicles. The new depot is scheduled to be complete by 2022.

With larger electric vehicles not being readily available, it has only been realistic to introduce electric cars and vans into the Council's fleet thus far. Consequently, Harrow Council now has a full fleet of Euro VI diesel buses and refuse vehicles. These vehicles provide increased engine efficiency, better fuel economy, are more powerful than earlier engines, generate reduced levels of harmful emissions including nitrogen oxide (NOx), carbon monoxide and particulate matter - soot from diesel and are compliant with London's Ultra- Low Emission Zone.

The council now has 17 fully electric vans. Tippers and pool cars were switched to a combination of electric, hybrid and Euro VI diesel vehicles. The fuel card extension will allow the council to continue to run their services with the non-electric vehicles. Officers are always looking to reduce the carbon footprint further when vehicles are out of life. It is anticipated that we will be able to replace fossil fuelled vehicles with a fully electric fleet by the time the current fleet needs replacing.

In the meantime fuel cards allow the council to monitor the eco footprint of the council's fleet, allowing it to readily identify less efficient vehicles and driver performance, enabling it to put in place relevant driver training or maintenance measures to help cut fuel usage.

6. RISK MANAGEMENT IMPLICATIONS

Risks included on corporate or directorate risk register? **No**

Separate risk register in place? **No**

The relevant risks contained in the register are attached/summarised below.

N/A

The following key risks should be considered when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
Contract will have expired and there is no facility to draw fuel	Ensuring the procurement is carried out in advance of contract expiry and through a compliant route	Green
Non-compliant procurement process leading to legal challenge by unsuccessful bidders	Procurement fully engaged, with fully compliant tender process to reduce any risk of challenge of award outcomes	Green
Value for money not achieved	Tender will be designed to stimulate competition in the marketplace achieving best value	Green
Insufficient interest in the procurement process	Tender will be advertised and designed to stimulate market interest and bids whilst achieving the aims and objectives of the Authority	Green

7. PROCUREMENT IMPLICATIONS

As part of tender development, it is proposed to complete an options appraisal to determine the optimal procurement route with bidders. This will include a soft market test exercise and development of a tender specification in conjunction with the Fleet and Transport Management Team and end user Services.

Bidders will be required to provide technical and commercial submissions, with all Tenders being evaluated for both their technical and commercial suitability in relation to the Authority's Requirements.

The main options to consider are:

- Utilisation of a compliant framework to tender and award contract
- Open tender

The evaluation methodology will be determined during the pre-tender stage in which the tender documents, quality questions and weightings will be drafted and agreed upon by the procurement team and service area.

Any procurement arising from this report will be advised on and supported by the procurement team and will be conducted in compliance with the Public Contract Regulations [as amended] and the Contract Procedure Rules.

8. LEGAL IMPLICATIONS

The proposed value of this procurement is above the relevant threshold found in the Public Contracts Regulations 2015 (“PCR”) and a full, compliant procurement process must be undertaken with the rules found in the PCR.

The internal Contract Procedure Rules must also be complied with in full and a procurement at this value requires the Directorate Portfolio Holder and the Portfolio Holder with responsibility for finance and major contracts to be consulted at the planning stage.

Approval to procure should be obtained by completing a submitting a Cabinet Report for approval and seeking clearance from the Directorate Procurement Board prior to any tender activity commencing.

The council high value terms and conditions for services should be used as the terms for the contract.

Set out detailed legal implications of the proposed decision. Where appropriate, liaise with the relevant legal officer and ensure that their clearances are obtained.

9. FINANCIAL IMPLICATIONS

There is a total budget of £704k for fuel expenditure including supplier margin as described in Section 1. In 2019/20, the actual expenditure was £925k on SAP. This sum included £205k for vehicles used to deliver Brent SNT service, which was recovered in full via Brent by quarterly invoices. Therefore, the net spend for Harrow was £720k.

Fuel spend will depend on actual consumption and the commodity price, and therefore the actual costs can fluctuate. Given the size of the current fleet and some vehicles are now electric since the last replacement, it is anticipated that the overall fuel costs can be contained within the budget provision.

10. EQUALITIES IMPLICATIONS / PUBLIC SECTOR EQUALITY DUTY

The proposals described above do not adversely impact upon persons within the protected categories.

11. COUNCIL PRIORITIES

Please identify how the decision sought delivers these priorities.

1. Improving the environment and addressing climate change

The contract will maximise the achievable environmental benefits through the procurement exercise

2. Tackling poverty and inequality

Supporting existing jobs and creating job opportunities for residents within the local forecourt supply network

3. Building homes and infrastructure

N/A

4. Addressing health and social care inequality

N/A

5. Thriving economy

The contract will inject cash into the local economy through the purchase of fuel within the local forecourt network in Harrow

Section 3 - Statutory Officer Clearance

Statutory Officer: Dawn Calvert

Signed by the Chief Financial Officer

Date: 17/07/2021

Statutory Officer: Graham McIntosh

Signed on behalf of the Monitoring Officer

Date: 16/07/2021

Chief Officer: Mark Billington

Signed off by the Corporate Director

Date: 27/07/2021

Head of Procurement: Nimesh Mehta

Signed by the Head of Procurement

Date: 14/07/2021

Head of Internal Audit: Susan Dixon

Signed by the Head of Internal Audit

Date: 27/07/2021

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

EqIA carried out: Yes

The proposals described above do not adversely impact upon persons within the protected categories

Section 4 - Contact Details and Background Papers

Contact:

Anita Cacchioli- Interim Head of Transport and Environmental Operations
anita.cacchioli@harrow.gov.uk

Background Papers: None

Call-in waived by the Chair of Overview and Scrutiny Committee

NO